Deutsche Bank

Industry perspectives and Strategy 2020

Passion to Perform

Anshu Jain
Co-Chief Executive Officer

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Tue, June 2, 2015
The Pierre, New York
Key trends that have been driving the industry’s performance: Unprecedented monetary stimulus...

Central bank balance sheet expansion(1)

USD trillion

Record low interest rates

Policy rates, in %

Note: Inflation adjusted. Prior to 1999, ECB data proxied by scaling up Bundesbank data by the factor at the start of the ECB series. Indicative data shown for the ECB/Bundesbank prior to 1957, the BoJ prior to 1971, and the SNB prior to 2006.

Source: Haver Analytics, Fed, ECB, BoE, BoJ, SNB, DB Research

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2 June 2015
### …and ever tightening financial regulation…

**Regulatory reform agenda**

|-------------------|---------------------------------------------|------------------------------------------------------|
| **Prudential (Basel III)** | - Capital requirements  
- Leverage definitions  
- Liquidity (LCR)  
- Large exposures | - RWA models / standardization and CET1 capital definitions |
| **Structural (TBTF)** | - Recovery planning  
- Volcker Rule  
- US FBO / IHC  
- German / UK structural reforms | - Minimum leverage requirements  
- Funding rules (NSFR) |
| **Market / conduct** | - Derivatives (EMIR)  
- CRD 4 bonus cap  
- Taxes (US FATCA)  
- Dodd-Frank | - Resolution planning / subsidiarization  
- Loss absorption (TLAC / MREL)  
- EU structural reform (Liikanen)  
- Trade transparency  
- Financial transaction tax  
- Shadow banking |
...driving the industry to adapt

Increased resilience and safety

**European and US banks, △ 2014 vs. 2008**

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>+45%</td>
<td>+6%</td>
</tr>
</tbody>
</table>

Drive for complexity reduction but higher costs of compliance

**Selected examples / quotes**

- “What you probably can’t be is large and do complex things and so we continue to work on simplifying the firm.”
- “We will pull out of certain markets. This is a consequence of a review which encompasses all legal, regulatory and operational aspects.”
- “We intend to exit several markets for which we don’t see a path for meaningful return.”
- “We’ve added 13,000 employees focused on compliance and control activities since 2012.”
- “Costs continue to increase globally, in large part to implement regulatory change and to enhance risk controls.”

Source: DB Research, Company disclosures
Regulation impacting market liquidity, particularly in fixed income

US Treasury volumes vs. dealer inventory
Indexed to 100 in 2001

US corporate bond volumes vs. dealer inventory
Indexed to 100 in 2001

Source: DB Research, SIFMA, NY Fed, US Treasury
As a consequence of these developments, industry revenue pools are shifting…

Banking revenue pool growth, CAGR(1), in %

Business / product dynamics(2)

<table>
<thead>
<tr>
<th>Business</th>
<th>2006-2011</th>
<th>2011-2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail banking</td>
<td>2.1</td>
<td>0.7</td>
<td>-1.4</td>
</tr>
<tr>
<td>Corporate/transaction banking</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Investment banking</td>
<td>4.0</td>
<td>9.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Asset management</td>
<td>1.0</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Wealth management</td>
<td>9.0</td>
<td>9.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Regional dynamics

<table>
<thead>
<tr>
<th>Region</th>
<th>2006-2011</th>
<th>2011-2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>1.0</td>
<td>0.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Europe</td>
<td>0.8</td>
<td>0.6</td>
<td>-0.2</td>
</tr>
<tr>
<td>Asia Pacific (excl. China)</td>
<td>0.6</td>
<td>0.6</td>
<td>0.0</td>
</tr>
<tr>
<td>China</td>
<td>0.6</td>
<td>0.3</td>
<td>-0.3</td>
</tr>
<tr>
<td>Rest of World</td>
<td>0.5</td>
<td>0.5</td>
<td>0.0</td>
</tr>
</tbody>
</table>

(1) Compounded annual growth rate  (2) Growth rates excluding China  Source: McKinsey, BCG
…and clarity on business models is emerging
Deutsche Bank: Strategy 2020 interim update

Strategy review process
Dec 2014 – Apr 2015
- Environment analysis
- Competitive position
- Emphasis / de-emphasis
- Strategic models

Detailing of strategy (‘90 days’)
Apr – Jul 2015
- Divisional and functional strategies
- Footprint decisions
- Operating model review
- Transformation roadmap

Roll-out and implementation
From Aug 2015
- Execution of six decisions
- Implementation of strategic initiatives and target operating model
We’ve re-affirmed our identity...

Deutsche Bank: Our unique positioning

Global model anchored in one of the world’s strongest economies

- Cutting-edge capital markets expertise
- Global cash / trade platform and asset & wealth proposition
- Advisory-led retail franchise positioned for multi-channel delivery
- Top 5 global investment bank, largest in Europe
- Top 3 European transaction bank and integrated AWM franchise
- #1 private sector retail bank in Germany
…and are focusing Deutsche Bank on achieving key ambitions

Strategy 2020

<table>
<thead>
<tr>
<th>What’s constant</th>
<th>What changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client-centric</td>
<td>Prioritize mutually beneficial partnerships</td>
</tr>
<tr>
<td>Global</td>
<td>A more focused network</td>
</tr>
<tr>
<td>Universal</td>
<td>Not all things to all people</td>
</tr>
</tbody>
</table>

Medium-term financial ambitions

<table>
<thead>
<tr>
<th>Targets</th>
<th>Aspiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage</td>
<td>≥5% leverage ratio</td>
</tr>
<tr>
<td>Capital</td>
<td>~11% CET1 ratio</td>
</tr>
<tr>
<td>Profitability</td>
<td>&gt;10% RoTE(1)</td>
</tr>
<tr>
<td>Cost</td>
<td>~EUR 3.5bn additional gross savings ~65% CIR</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>Aspiration to deliver 50%+ payout ratio(2)</td>
</tr>
</tbody>
</table>

Note: Gross cost savings are countered by increasing cost from inflation, FX changes, cost of growth, cost of regulatory compliance and other cost increases

(1) RoTE: Post-tax Return on Tangible Equity is calculated as net income (loss) attributable to shareholders as a percentage of average tangible shareholders’ equity. Net income (loss) attributable to shareholders is defined as Net income (loss) excluding post-tax income (loss) attributable to non-controlling interests. Tangible shareholders’ equity is the shareholders’ equity per balance sheet excluding goodwill and other intangible assets

(2) Through dividends and/or share buybacks
### Leverage: Significant progress on leverage and a further raising of the bar

#### Leverage ratio

<table>
<thead>
<tr>
<th>CRD4, fully loaded, in %</th>
<th>Leverage exposure in EUR trn</th>
</tr>
</thead>
<tbody>
<tr>
<td>~1.8</td>
<td>+70%</td>
</tr>
<tr>
<td>&lt;2.0</td>
<td>1.5</td>
</tr>
<tr>
<td>3.4</td>
<td></td>
</tr>
</tbody>
</table>

Jun 2012\(^{(1)}\) | Mar 2015

#### Leverage ratio positioning vs. peers\(^{(2)}\)

<table>
<thead>
<tr>
<th>1Q 2015, in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>European peers</td>
</tr>
<tr>
<td>US peers</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Estimates based on June 2012 Basel 3 / CRD4 rule interpretation

\(^{(2)}\) Fully loaded, based on applicable regulatory standard

\(^{(3)}\) Medium-term

Source: Company data
Capital: RWA inflation a manageable headwind
In EUR bn unless stated differently, CRD4, fully loaded

- CET1 ratio: 11.1%
- Risk density (RWA / leverage exposure): ~11%
- Disposals (2015-2017): 1Q15
- Credit Risk (2018-2019): ~40%
- Pro-forma prior to growth
- Business growth

Narrowing perimeter
Technical effects
Cost: Insufficient progress on cost efficiency...

Adjusted cost base development\(^{(1)}\)

<table>
<thead>
<tr>
<th>In EUR bn</th>
<th>2012 OpEx baseline(^{(3)})</th>
<th>OpEx savings</th>
<th>Portfolio actions(^{(4)})</th>
<th>Regulatory &amp; control costs</th>
<th>Other cost effects incl. growth(^{(5)})</th>
<th>FX</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.1</td>
<td>(3.3)</td>
<td>(~0.3)</td>
<td>(~0.3)</td>
<td>~1.0</td>
<td>(0.3)</td>
<td></td>
<td>23.8</td>
</tr>
</tbody>
</table>

Focus of investments

- Efficiency improvements
- Regulatory compliance
- Business / stability

Reported cost-income-ratio

- 93%\(^{(2)}\)
- 87%

Note: Numbers may not add up due to rounding

- \(^{(1)}\) Excludes Cost-to-Achieve, litigation, policyholder benefits and claims, other severances and smaller specific one-offs and impairments
- \(^{(2)}\) FY 2012
- \(^{(3)}\) 1H 2012 x 2 as communicated at Investor Day 2012
- \(^{(4)}\) Mainly divestment of Cosmopolitan of Las Vegas, Tilney, Deutsche Card Services and BHF; run rate benefit from these portfolio actions increasing to ~EUR (0.7)bn in 2015
- \(^{(5)}\) Business growth ~EUR 0.5bn; Mandatory wage increases ~EUR 0.3bn; Remaining ~EUR 0.2bn

Deutsche Bank
Anshu Jain
2 June 2015
…which we are tackling through re-doubled effort

<table>
<thead>
<tr>
<th>Targeted organic gross savings(1)</th>
<th>Cost-to-achieve</th>
</tr>
</thead>
<tbody>
<tr>
<td>In EUR bn</td>
<td></td>
</tr>
<tr>
<td>Outstanding OpEx savings</td>
<td>1.0</td>
</tr>
<tr>
<td>Additional Strategy 2020 savings</td>
<td>3.7</td>
</tr>
<tr>
<td>Total medium term savings</td>
<td>4.7</td>
</tr>
</tbody>
</table>

(1) Excludes cost reductions from disposals such as Postbank and NCOU

What will be different this time

Selected examples

- Exit of 7-10 structurally unprofitable countries
- Close up to 200 retail branches in Germany
- Drive automation via digitalization
- Stricter internal cost governance including enhanced focus on net cost reductions and headcount
- Better transparency on regulatory driven cost
- Redesigning processes and operating model to achieve sustainable cost savings
- Tackling structural levers at the interface of ‘front-to-back’
We continue to grow our business

Development of DB’s business mix...

Pre-tax profit, core businesses, in EUR bn\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche AWM</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>GTB</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>PBC</td>
<td>2.9</td>
<td>3.3</td>
</tr>
<tr>
<td>CB&amp;S</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

...and priorities in Strategy 2020

- Invest in Deutsche AWM to capture future growth
- Continue to scale up GTB
- Deconsolidate Postbank and transform our private and commercial client franchise
- Reduce balance sheet and make focused investments in CB&S

\(^{(1)}\) 2014 does not reflect C&A clear-out adjustments as per 1Q2015 disclosure
Six key decisions to execute

1. Reposition CB&S
2. Re-shape retail
3. Transform our operating model
4. Digitalize DB
5. Grow GTB and Deutsche AWM
6. Rationalize our footprint
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